



Berkeley Housing Authority

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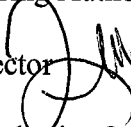
Office of the Executive Director

Item 5

MEMORANDUM

Date: October 10, 2013

To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board

From: Tia M. Ingram, Executive Director 

Subject: Status of Berkeley Housing Authority Operations

This report summarizes the highlights of our current activities:

I. ADMINISTRATIVE/HUD

1. Federal Government Shut-Down

Although we are not Federal agency, we are experiencing the repercussions from the lack of a federal budget or Continuing Resolution, and the shut-down of the Federal government.

- a. We were advised on September 17, 2013 that we would not receive the scheduled disbursement of funds for the month of October 2013 required to meet our financial obligations to landlords in the S8 Voucher program [partial payment was made, with a promise by HUD of the balance at a later date]. We used reserve funds to honor our October rent subsidy payment to landlords with full payment distributed on the 1st (see further discussion under Operations);
- b. The LOCCS system (used to draw down approved capital fund and operating subsidy) is operational for funds pre-approved, but any request requiring Field Office approval must await the return of staff;
- c. We are advised of the requirement to continue reporting as required, although there is a high probability that no staff will be available to respond to questions or to process the information once submitted; and
- d. The Special Applications Center (SAC) is not staffed, thus not only is a response to our August 2013 modification request delayed, but we cannot engage with staff regarding any questions or concerns.

Not necessarily associated with the shut-down, but impactful nonetheless, we learned of changes in staff at the SF Field Office: Velma Navarro, Public Housing Director is leaving HUD, and joining the staff of the San Francisco Housing Authority; and Martha Ruiz, Public Housing Revitalization Specialist is taking a position with San Mateo County Housing Authority. These losses are significant in terms of the knowledge they take with them, and perhaps more important, the relationships we have established over the years.

2. FY 2013 Annual Recertification Reporting

A minimum reporting rate of 95% (of required annual recertifications, and annual unit inspections) is required for satisfactory performance, and to avoid financial sanctions that HUD can impose.

Section 8 Voucher Program

	50058's (95% required)	Units Leased (1,866 ACC units)	Late Annual Recert	Late Annual Insp
Jul 2013	97.79	1,784	18	12
Aug 2013	97.26	1,785	22	13
Sept 2013	September figures scheduled for October 5 th ; however, the Federal shut-down may delay the update			

There is also a requirement to utilize at least 95% of the annual assistance available (calculated by units under contract or percent of HAP funding distributed).

We are confident that the number of late “Annual recerts” will be within the range of acceptance; we are very pleased with the declining number of “late Annual inspections;” but we are concerned that lease up, for the first time in many years – is below 95% (of ACC approved units). This is significant in that eligible households are not being assisted, and BHA is not earning maximum administrative fee. The lease up rate, if viewed in percent of funding utilized is 113.10%.

Low Income Public Housing Program

A minimum reporting rate of 95% is required for satisfactory performance, and to avoid financial sanctions that HUD can impose.

	50059% (95% required)	Units Leased (per PIC)
Jul 2013	100%	28
Aug 2013	96.15%	26
Sept 2013	Data not available	

We are current with annual recertifications for 28 of the current 29 residents; one household is in “eviction”, with no annual certification(s) being performed.

II. OPERATIONS

1. Ability to Meet Financial Obligations

We are facing a perfect storm – created by the fact that there are no approved appropriations, not-so-temporary reductions under sequestration, 90% proration, and an unresolved debt ceiling issue with a deadline of October 17, 2013. As mentioned above, the 90% of funds for October HAP (rental subsidy payments to landlords) was promised in two disbursements from HUD; we received approximately 52% on October 1st, with the balance (of the 90%) promised by October 7th.

HUD has not provided any notice/indication about November HAP; what is clear, is that we do not have sufficient reserves to advance the payment to landlords. We learned from discussions with other housing authorities in the Bay Area, that many are facing a similar dilemma: insufficient funds to advance the rental subsidy payments, and a need to honor our obligations to the participating landlords. Options range from paying owners a prorated portion of the HAP (even that is complicated, as our database/accounting systems are not set up to pay a percentage of the HAP); to withholding payment until complete funding is received; or following the Administrative Plan – and begin reducing program size by terminating current HAP contracts. Everyone is watching this issue, with thoughts of providing written notice to landlords shortly after action (or lack thereof) on the Debt Ceiling. We have to be careful in messaging this issue – as we don't want to destroy owner confidence in the S8 program, and the heavily relied upon rent guarantee.

2. Office Move

A major project for staff over the next three months is the transition from 1901 Fairview St., to the new office at 1936 University Ave. We are closing in on agreement on the final lease terms, finalizing our move costs, and working with the City to ensure that we take all appropriate actions to minimize disruption in service. To the greatest extent possible, we are (re)assigning existing staff to manage this project; however, there is some needed expertise that is only available via a consultant contract [we are exploring contracting with other Housing Authorities for critical assistance].

3. Client Service

Managing the assistance of 80 -90% of our clients requires a standard level of effort of staff, and is met with thanks from the clients and their advocates. However, the remaining 10-20% require a high level of assistance, and often results in disruption to our office. In the past month we had:

- a. A client in the office (with 1-2 family members) on two separate occasions; very agitated, loud, demanding and threatening staff ("you better watch your back"). We take these situations very seriously, and engaged Berkeley Police Department. The behavior has been documented by BPD, and we are pursuing a No Trespass order to keep the client away from the office.
- b. A disruption caused by a disgruntled landlord. He arrived early for a meeting to discuss nuisance behavior (possibly involving illegal drug sales) at his property. Angry that he was being asked to "baby sit" he was disruptive in the lobby; loud; cursing, and interfering with clients attempting to speak with staff. Following a few very intense minutes at the start of the meeting – the owner calmed down and we were able to have a reasonable discussion. The facts confirm that the owner has a very difficult tenancy to handle; BHA working in tandem with Berkeley Police

Department and the City Manager's Office of Neighborhood Services, is committed to supporting him in his efforts to address the behavior of the tenant, and other residents in the neighborhood.

These situations are shared with you to (1) give you a sense of the types of situations that staff must confront, and (2) commend the professionalism of the staff who, in spite of the behavior of the client – continue to provide quality service.

4. Staff Development

Denial of assistance to households on the wait list, as well as termination of assistance to an assisted household, are major events for households with minimal financial resources. Recently, we were approached by Bay Area Legal Aid about language in (or missing) in our denial notices. Thus, on September 19, 2013, Jennifer Bell and Xochitl Carrion, Goldfarb and Lipman, provided an in-service training with staff on (a) denial/termination of assistance for criminal behavior, and (b) special provisions (protections) offered under the Violence Against Women Act (VAWA).

5. Freedom of Information Act

We are experiencing an increase in request for information about voucher assistance. We suspect the requests are associated with the Sequester and/or Federal Shut-Down. In the past few days we received a request for information about voucher issuance (and expiration) over the past five years. The same request was submitted to other Housing Authorities in the Bay Area. The difficulty is segregating expired 'new vouchers' (issued to families on the wait list) from expired "transfer vouchers" – where an assisted household received a voucher, but did not move. In both instances, an "expired voucher" certification is prepared, but there is no ability to distinguish the voucher type.

6. Fair Market Rents/Payment Standards

Last month we proposed, and the Board approved a new Payment Standard, based on 110% of the proposed Fair Market Rents. I am pleased to report there was no change, and the final FMRs match the proposed. Thus, no modification to the adopted Payment Standards is required.

Parenthetically, we believe the new (higher) PS schedule, effective October 15 for new contracts – is generating new (or sustained) interest in the S8 Program – as reflected in the increase in units on the available unit listing report (19 units on the Sept. 26, 2013 Listing; 12 on the Listing a month prior, posted on Aug. 22, 2013).

7. Formulation of a BHA Affiliate

We have begun discussions with Goldfarb and Lipman about the feasibility of forming an affiliated nonprofit entity and applying for tax exempt status (IRS 501c (3)), a prerequisite to applying for grants, a desirable classification if we pursue partnering with affordable housing developers, and a requirement for receipt of certain donations. Given that, according to Goldfarb & Lipman, it can take the IRS over a year to process tax exemption applications, we think it is advisable to start the nonprofit formation process soon. In the meantime, we are visioning eligible programs, and engaging in preliminary discussions with representatives at Union Bank. The affiliate will have a separate Board of Directors, which may include some of the current Board of Commissioners of BHA.

8. BHA Website

Last month, a consumer addressed the Board regarding BHA's website. Specifically, she expressed concern that the website did not provide complete information needed to provide feedback regarding BHA performance. We have modified the website to include not only information regarding our "Customer Feedback" process – a process successfully used to provide feedback to the Executive Director, but to also provide information for sharing information with the BHA Board and/or our HUD representatives. Note: the Customer Feedback form has been posted to the website for approximately two years; staff has increased it's visibility on the website and elaborated on the process.

9. Strawberry Creek Lodge

The Board awarded Strawberry Creek Lodge (SCL) 23 S8 Project-based vouchers (April 2011). We learned recently that SCL was awarded Low Income Tax Credits, and 34 "Tenant Protection Vouchers" from HUD because it has an expiring 202 contract. BHA, as the local Housing Authority, has the first option of administering the Tenant Protection Vouchers; it represents an addition to our work load, but also provides a modest revenue stream (\$200 per voucher). Staff will be meeting with the project owner, Satellite Affordable Housing Associates (SAHA) in mid-October.

III. AUTHORITY OWNED HOUSING

1. Rent Collection

As we approach the final quarter of the year, we are focused on reconciling all of our tenant receivable accounts. Thus, we are reviewing accounts for unpaid rent (including late fees), maintenance charges, and other assessments. As of September 30th:

- a. Two households are at \$0 rent;
- b. Seventeen households with a positive rent amount are current;
- c. Eleven households with a outstanding balances (past due rent, late fees and maintenance charges) (30-60 days); and (*only 1 households did not pay September rent and is in legal proceedings*)
- d. One household is in legal proceedings for lease violation.

We continue to have a few households that consistently pay their rent after the 6th of the month due date. In anticipation of these households transitioning to a rental lease with a non-governmental entity, we are providing additional information about the importance of timely rent payments, and the very real consequences of eviction for non-payment, or a pattern of late-payments.

2. Maintenance

No significant maintenance issues this past month. We are utilizing this contract to secure the vacant units, and to preserve the environment for our remaining residents.

Enhancements include motion activated light fixtures in the front and rear yards, and time triggered appliances in the interiors. We are approaching the next interval of leasing (25 or fewer occupied units) – when the monthly management fee will decrease from the current \$1,500.00 to \$750.00.

3. Occupancy

As of September 30th, there are 29 occupied units; 16 households are eligible for continued rental assistance in their current unit; 4 households were selected in the lottery to receive a 2-bedroom unit; 8 that are eligible for transfer to the S8 tenant based voucher program (after locating a suitable unit); and 1 household currently under eviction.

Site	# Units at Site	# Vacant Units at Site	# Occupied Units at Site
Fairview Street	3	3	0
7 th Street	3	2	1
Ward Street	12	8	4
Francisco Street	16	14	2
Virginia Street	7	5	2
Rose Street	2	1	1
8 th Street	2	1	1
Harper Street	2	2	0
Dwight Way / Valley Street	4	1	3
Sojourner Truth Court	7	4	3
Alcatraz Street	4	1	3
Stuart Street	3	2	1
Channing Way/West Street	2	1	1
Jones Street	2	0	2
Martin Luther King Jr.	4	1	3
Sacramento Street	2	0	2

Staff continues to monitor each site, weekly, to observe conditions - ensure the integrity of the vacant units, and the environment for remaining households. In addition, "No Trespassing" signs have been posted, and BPD is constantly updated on vacancies. We will be implementing nightly patrols in the coming weeks; additional services will be added as necessary.

4. Design Advisor

Jon Orovecz, a Berkeley resident, was selected for the Design Advisor consultant. We anticipate execution of the lease, and issuing the Notice to Proceed the week of October 7th.

5. Tax Credit Application

Executive Director Tia Ingram, and Related Project Manager, Don Lusty attended the Tax Credit Allocation committee meeting on Wednesday, September 25th; the credits were awarded by consent.

6. Memorandum of Agreement

The quarterly report to the SF Field office is due October 15th. The only remaining item is closing out the disposition project.

CONTACT PERSON

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